

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 3556 - SB 3592

February 12, 2012

SUMMARY OF BILL: Exempts veterans of the United States uniformed services from the requirement to pay the \$115 application and processing fee, or the \$50 renewal fee, as they relate to handgun carry permits.

ESTIMATED FISCAL IMPACT:

**Decrease State Revenue – \$67,500/Recurring/Department of Safety (DOS)
\$7,500/Recurring /Tennessee Bureau of Investigation (TBI)**

**Forgone State Revenue –
\$892,500/FY12-13/DOS
\$127,500/Each FY13-14, FY14-15, and FY15-16/DOS
\$157,500/FY12-13/TBI
\$22,500/Each FY13-14, FY14-15, and FY15-16/TBI
\$187,500/FY17-18 and Subsequent Years/DOS**

**Increase State Expenditures –
\$632,700/FY12-13/General Fund
\$120,400/FY13-14 and Subsequent Years/General Fund**

**Decrease Local Revenue – \$7,500/Recurring
Forgone Local Revenue – \$157,500/FY12-13
\$22,500/Each FY13-14, FY14-15, and FY15-16**

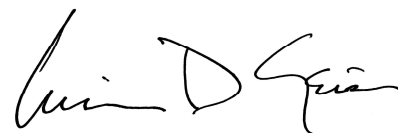
Assumptions:

- According to the Department of Safety (DOS), there are 500 military applicants each year who use military handgun training to be exempt from the required training portion of the handgun permit application process. However, such applicants are still required to pay the application and processing fee. This bill will exempt such individuals from having to pay the application and processing fee.
- A recurring decrease in application and processing fee revenue of \$57,500 (\$115 x 500 applicants).
- The state receives \$100 of each application and processing fee with DOS receiving \$85 and the Tennessee Bureau of Investigation (TBI) receiving \$15. Local sheriffs receive the remaining \$15.

- A recurring decrease in state revenue of \$42,500 ($\85×500) for DOS; and a recurring decrease in state revenue of \$7,500 ($\15×500) for TBI.
- A recurring decrease in local revenue of \$7,500 ($\15×500).
- A permit is valid for four years.
- DOS receives 100 percent of renewal fee revenue.
- A recurring decrease in state revenue to DOS of \$25,000 ($\50×500) for renewals.
- A total recurring decrease in state revenue to DOS of \$67,500 ($\$42,500 + \$25,000$).
- Based on information from DOS, up to 15,000 new applicants will apply for handgun permits who would not have otherwise applied from FY12-13 thru FY15-16.
- Approximately 70 percent (or 10,500) will be processed in FY12-13 and 10 percent (or 1,500) will be processed in each FY13-14, FY14-15 and FY15-16.
- Forgone state revenue to DOS will be \$892,500 ($\$85 \times 10,500$) in FY12-13 and \$127,500 ($\$85 \times 1,500$) in each FY13-14, FY14-15 and FY15-16.
- Forgone state revenue to TBI will be \$157,500 ($\$15 \times 10,500$) in FY12-13 and \$22,500 ($\$15 \times 1,500$) in each FY13-14, FY14-15 and FY15-16.
- Forgone local revenue will be \$157,500 ($\$15 \times 10,500$) in FY12-13 and \$22,500 ($\$15 \times 1,500$) in each FY13-14, FY14-15 and FY15-16.
- Forgone state revenue to DOS from renewal fees will be \$750,000 over each four-year period beginning in FY17-18. As a result, forgone state revenue to DOS is estimated to be \$187,500 each year beginning in FY17-18 [$(15,000 \times \$50) / 4\text{-year period}$].
- Background checks cost \$48 per applicant. An increase in state expenditures of \$504,000 ($10,500 \times \48) for FY12-13. A recurring increase in state expenditures of \$72,000 ($1,500 \times \48) in FY13-14 and subsequent years.
- DOS will require two temporary employees to process the increase in applicants in FY12-13 and one full-time employee to process the recurring increase in applicants.
- A one-time increase in state expenditures of \$35,000 ($\$17,500 \times 2$ employees) for temporary employees.
- A recurring increase in state expenditures of \$48,378 for one full-time employee ($\$33,900$ salary + $\$10,978$ benefits + $\$3,500$ operational). A one-time increase in state expenditures of \$5,600 for computer, telephone, and office supplies.
- A one-time increase in state information technology contract expenditures of \$39,700 to allow vendor to make changes to the permit system.
- A total increase in state expenditures in FY12-13 of \$632,678 ($\$5,600 + \$35,000 + \$39,700 + \$48,378 + \$504,000$).
- A recurring increase in state expenditures beginning in FY13-14 of \$120,378 ($\$48,378 + \$72,000$).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

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